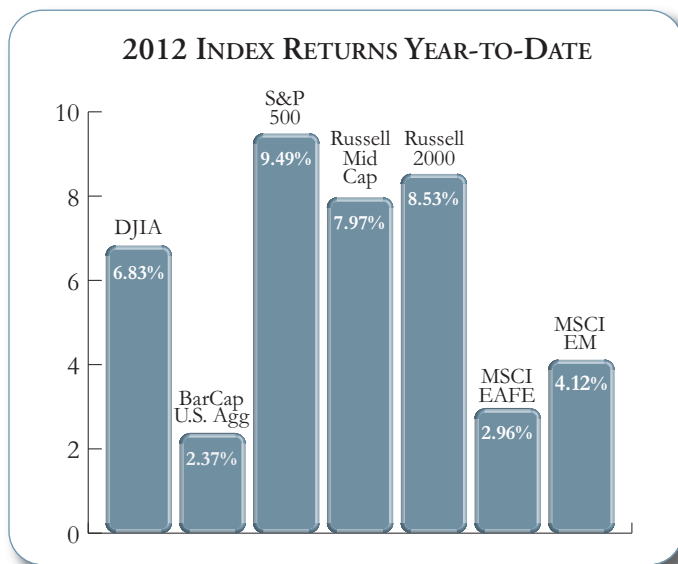


THE FUNDADVISOR PROGRAM CELEBRATED ITS 10TH ANNIVERSARY at the end of the second quarter. Looking back, the last ten years can be split into two very different five year periods. The 2002 through 2007 period was marked by relatively little volatility, double-digit returns, and exploding international markets, in what seems like a distant memory. The last five years have been marred with much more volatility, risk aversion, and seemingly non-existent returns. In spite of this, all four of the original FundAdvisor models have returned between 5% and 6% over the last ten years, which, in the context of past and present market volatility, feels pretty good. Who knows what the next five years will bring, but we think the odds are good that they will be better than the last five.

It seems a little hard to believe that the S&P 500 is up 9.49% year-to-date, despite a relatively painful April and May. That makes it one of the best performing broad market indices in the world. The international markets have gained only 2.96% year-to-date, which feels okay given the scope of the problems, the headlines, and the volatility. The second quarter, however, was weak across the board, as sovereign debt issues re-emerged and China and the U.S. both showed signs of slowing economic growth. In light of the strong results witnessed in the first quarter, the pullback did not come as a huge surprise; the S&P 500 and MSCI EAFE declined 2.75% and 8.37% in the second quarter, respectively. The emerging markets have gained 4.12% this year, but lost 8.77% in the second quarter.



Although the international markets have been struggling of late, the fund managers we have spoken with tell us that they are finding great opportunities and great values overseas. Some of the world's best companies are domiciled outside the U.S., and many generate significant revenue from the fastest growing areas of the world. Additionally, we have heard anecdotal evidence that

the emerging market corporate story is similar to the U.S. – improving balance sheets, increasing cash balances, and growing earnings. Continued volatility is likely, but we believe that the international funds in your portfolio, Thornburg International Value, Dodge & Cox International, and T. Rowe Price Emerging Market Stock, will reward long-term investors.

TEN YEARS OF BUILDING PORTFOLIOS

We have great confidence in the funds that currently make up the FundAdvisor portfolios. We are well aware that the past few years have been some of the worst in the history of actively managed mutual funds; only one in four stock funds have beaten their listed benchmark and the average mutual fund has underperformed by approximately 2%. One of the things we have learned over the years is that even the best fund managers will go through periods of underperformance; therefore, we are more concerned with longer-term performance and consistency. On the following page are a few of the metrics that we find important in our evaluation of mutual funds. Rolling returns let us look at every possible 1, 3, and 5 year holding period over the history of the fund and give us a sense for the manager's consistency over time. You will see that most of the funds in the program have posted pretty impressive returns in what has been a very difficult decade. We believe that managers with a consistent track record, focused strategy, reasonable fees, and long-tenured management team can provide solid long-term results. However, we sometimes have to fight the urge to chase performance (i.e. switch from a struggling fund with a good management team into the year's best performer).

Our portfolios include mutual funds invested in U.S. stocks of all market caps, international and emerging market stocks, and a variety of bonds. Attempting to time the market is the most tempting thing one will experience as an investor. History has shown that very few people can consistently predict the best area of the market in any given year, and the volatility of the last few years has shined a light on just how difficult it is to be a tactical investor. The fits and starts have been hard to read, and often the market has begun to recover just when things have seemed at their worst. Many market-timers have been whipsawed repeatedly by the short but wide market swings. Therefore, a central theme to the way we build portfolios is that a diversified portfolio of different types of assets will provide the most robust long-term results.

As always, we will continue to monitor the funds in your portfolio, constantly evaluating and considering any alternatives, and we look forward to providing you with another update in the fall. In the meantime, feel free to contact your Investment Executive with any questions or to obtain more information on any of the funds in the program.

Returns as of June 30, 2012

*Returns greater than 1 year are annualized

Fund / Index Name	Rolling Returns					Fund / Index Performance at Net Asset Value**					Expense Ratio	
	Avg 1 Year	Avg 3 Year	Avg 5 Year	Up Capture	Down Capture	YTD	1 Year*	3 Years*	5 Years*	10 Years	Gross	Net
Large Cap												
American Funds AMCAP F2	8.48	5.20	3.31	97.32	93.75	8.52	2.65	15.54	1.54	5.92	0.49	0.49
Diamond Hill Large Cap I	11.20	8.07	5.91	102.90	92.87	3.80	0.47	13.67	0.23	7.48	0.81	0.81
FMI Large Cap	10.68	7.97	6.30	94.26	78.40	8.79	3.51	14.93	2.37	8.23	0.97	0.97
S&P 500 Index	8.08	4.62	2.81	100.00	100.00	9.49	5.45	16.40	0.22	5.33	-	-
Mid Cap and Small Cap												
Munder Mid Cap Core Growth Y	13.04	8.64	6.43	89.37	82.64	8.78	-1.22	18.54	0.97	8.97	1.08	1.08
Royce Value Investment	16.93	12.29	9.56	105.07	94.07	-1.46	-13.94	12.99	0.06	11.24	1.17	1.17
Keeley Small Cap Value A	13.74	9.07	6.23	103.48	105.03	6.95	-6.53	15.57	-2.94	7.85	1.35	1.35
Russell 2500 Index	12.52	7.88	5.07	100.00	100.00	8.31	-2.29	19.06	1.18	8.01	-	-
International												
Thornburg International Value I	13.96	11.08	9.68	102.04	79.99	3.59	-14.63	7.31	-2.60	8.20	0.88	0.88
Dodge & Cox International Stock	15.56	10.88	7.99	123.65	103.08	3.32	-15.71	7.83	-4.99	8.10	0.64	0.64
MSCI EAFE Index	10.81	7.42	5.29	100.00	100.00	2.96	-13.83	5.96	-6.10	5.14	-	-
Emerging Markets												
T. Rowe Price Emerging Mkts Stk	22.69	17.24	14.57	103.65	109.12	4.31	-15.58	9.79	-2.27	13.16	1.26	1.26
MSCI Emerging Markets Index	22.83	18.42	16.26	100.00	100.00	4.12	-15.67	10.10	0.21	14.42	-	-
Intermediate Government/Credit												
Delaware Diversified Income A	8.08	7.62	7.15	127.73	66.31	3.54	6.70	10.38	8.27	8.07	0.97	0.92 ¹
PIMCO Total Return A	6.19	6.43	6.38	118.37	99.76	5.55	6.54	8.23	8.75	6.50	0.85	0.85
BarCap US Govt/Credit Interm Index	4.77	4.81	4.93	100.00	100.00	2.10	5.42	5.81	6.01	5.08	-	-
Short-Term Bond												
Vanguard Short-Term Inv Gr.	4.03	4.15	4.06	119.50	124.96	2.27	2.58	4.96	4.33	4.08	0.20	0.20
Citigroup USBIG Gov/Corp 1-3 yr Index	3.39	3.75	4.04	100.00	100.00	0.53	1.09	2.26	3.74	3.51	-	-
Dynamic Allocation												
BlackRock Global Allocation I	11.62	9.84	9.12	78.25	61.58	3.62	-3.40	8.14	3.01	9.03	0.89	0.89
Ivy Asset Strategy I	12.32	12.54	12.64	80.58	55.79	6.50	-7.91	8.16	4.73	9.69	0.77	0.77
Kinetics Paradigm No Load	13.19	8.75	6.23	114.06	102.50	10.05	-7.01	9.70	-4.19	8.34	1.78	1.64 ²
Quaker Strategic Growth I	8.55	4.74	3.81	91.34	90.33	6.79	-2.17	9.61	-3.95	5.01	1.96	1.96
Wintergreen Investor	-	-	-	-	-	-0.43	-5.39	13.32	1.54	-	1.86	1.86
IVA Worldwide I	-	-	-	-	-	1.30	-5.17	9.69	-	-	1.04	1.04
MSCI World Index	9.21	5.90	4.00	100.00	100.00	5.91	-4.98	10.97	-2.96	5.18	-	-

Performance data quoted represents past performance. Past performance is historical and not representative nor a guarantee of future results. Current performance may be lower or higher than the data quoted. To obtain performance data current to the most recent month-end, please call 1-800-853-2060. The investment return and principal value of an investment will fluctuate. An investor's shares, when redeemed, may be worth more or less than their original cost.

Disclosures

It is important to note that short-term and trailing performance will fluctuate. We expect all of the funds at some point to experience underperformance versus their benchmarks and peer groups. However, we believe that our research process has helped us identify funds that are likely to perform well over the long-term. Our decision to remove a fund is not based on short-term performance, but on in-depth analysis using our Monitoring Criteria.

**Mutual funds are offered in the FundAdvisor program at net asset value, but are subject to an annual investment advisory fee of up to 1.25% with a minimum fee of \$125 per quarter. The Davenport wrap fee includes investment advice and brokerage execution. In addition to the FundAdvisor fee, clients will bear a proportionate share of each mutual fund's management and administrative expenses, including advisory fees paid to the mutual fund's investment advisors. This chart shows the actual performance of the shares at net asset value, and does not represent individual account performance. Past performance is no guarantee of future results. Current performance may be lower or higher than the data quoted. To obtain performance data current to the most recent month-end, please visit the following web sites: www.americanfunds.com, www.blackrock.com, www.delawareinvestments.com, www.diamond-hill.com, www.dodgeandcox.com, www.fiduciarymgt.com, www.ivafunds.com, www.ivyfund.com, www.keeleyfund.com, www.kineticsfund.com, www.munder.com, www.quakerfund.com, www.roycefund.com, www.thornburginvestments.com, www.troweprice.com, www.vanguard.com, www.wintergreenfund.com. The investment and principal value of an investment will fluctuate. An investor's shares, when redeemed, may be worth more or less than their original cost. Mutual Fund and Index returns are provided by Morningstar.

You should consider each mutual fund's investment objectives, risks, charges and expenses carefully before investing. Each mutual fund's prospectus contains this and other important information, should be read carefully before investing or sending money, and can be obtained by contacting your Investment Executive, or by calling 1-800-853-2060. The investment return and principal value of an investment will fluctuate. An investor's shares, when redeemed, may be worth more or less than their original cost. Investing in securities carries risk including the possible loss of principal.

Downside Capture Ratio measures a manager's performance in down markets relative to the market (benchmark) itself. **Gross Expense Ratio:** The total annual operating expenses of a fund divided by its average net assets. **Net Expense Ratio:** The total annual operating expenses of a fund, less any fee waivers, divided by its average net assets. This is the expense ratio actually charged by the fund for the previous fiscal year. **Rolling Returns:** The annualized average return for a period ending with the listed year. **Upside Capture Ratio** measures a manager's performance in up markets relative to the market (benchmark) itself. ¹The Fund's distributor, Delaware Distributors, L.P. (Distributor), has also contracted to limit the Class A 12b-1 fee from February 28, 2012 through February 28, 2013 to no more than 0.25% of its average daily net assets. These waivers and reimbursements may only be terminated by agreement of the Manager and the Distributor, as applicable, and the Fund. ²The Investment Adviser to the Paradigm Portfolio has voluntarily agreed to waive management fees and reimburse Fund expenses so that Net Annual Fund Operating Expenses do not exceed 1.64%, excluding AFFE, through April 29, 2013. These waivers and reimbursements may be discontinued at any time by the Investment Adviser after April 29, 2013.

INDEX DEFINITIONS: The **Barclays Capital Intermediate Government/Corporate Index** is an unmanaged index composed of debt securities with maturities from one to ten years issued or guaranteed by the U.S. Treasury, U.S. Government agencies, quasi-federal corporations and fixed rate dollar denominated SEC-registered corporate debt that are rated investment grade or higher by Moody's Investors Service and Standard and Poor's Corporation or Fitch Investor's Service, in that order. The **Barclay's Capital U.S. Aggregate Index** is an unmanaged index considered representative of the U.S. investment-grade, fixed-rate bond market. The **Citigroup USBIG Government/Corporate 1-3 years Index** measures the performance of bonds issued in the U.S. investment-grade bond market. The **Dow Jones Industrial Average** is an unmanaged price-weighted average based on the "price only" performance of 30 blue chip stocks. The **MSCI EAFE (Europe, Australasia, Far East) Index** is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the U.S. and Canada. The **MSCI EM (Emerging Markets) Index** is a capitalization-weighted index of stocks from 26 emerging markets that only includes issues that may be traded by foreign investors. The reported returns reflect equities priced in U.S. dollars and do not include the effects of reinvested dividends. The **MSCI World Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets. The **Russell 2000® Index** measures the performance of the 2000 smallest companies in the Russell 3000 Index, which represents approximately 8% of the total market capitalization of the Russell 3000 Index. The Russell 2000 Index is a trademark/service mark of the Frank Russell Co. Russell® is a trademark of the Frank Russell Co. The **Russell 2500® Index** measures the performance of the small to mid cap segment of the U.S. equity universe, commonly referred to as "smid" cap. The Russell 2500 is a subset of the Russell 3000® Index. It includes approximately 2500 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2500 Index is a trademark/service mark of the Frank Russell Co. Russell® is a trademark of the Frank Russell Co. The **Russell 3000® Index** is an unmanaged index considered representative of the U.S. stock market. The Russell 3000 Index is a trademark/service mark of the Frank Russell Co. Russell® is a trademark of the Frank Russell Co. The **Russell Midcap® Index** is an unmanaged index considered representative of mid-cap stocks. The Russell Midcap Index is a trademark/service mark of the Frank Russell Co. Russell® is a trademark of the Frank Russell Co. The **S&P 500 Index** is comprised of 500 U.S. stocks and is an indicator of the performance of the overall U.S. stock market. *An investor cannot invest in an index, and its returns are not indicative of the performance of any specific investment.*

RISK CONSIDERATIONS: International funds invest primarily in equity securities of issuers outside the United States. International investments are subject to additional risks such as currency fluctuations, political instability, and the potential for illiquid markets. Funds that invest in foreign securities may involve greater risks, including political and economic uncertainties, as well as risk of currency fluctuations. Small and mid cap company stocks may be more volatile than stocks of larger, more established companies. Investments in bonds and other fixed income securities may fall in value if interest rates change. Generally, the prices of debt securities rise when interest rates fall, while their prices fall when interest rates rise. Longer term debt securities are usually more sensitive to interest rate changes. An issuer suffering an adverse change in its financial condition could lower the credit quality of a security, leading to greater price volatility of the security. Funds investing in lower quality debt securities are more susceptible to these problems and their value may be more volatile.

The mutual fund categories are determined by Davenport using a combination of Morningstar categories and a returns-based style analysis provided by Zephyr StyleADVISOR.

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